EACT REGULATORY ISSUES OVERVIEW

THE EUROPEAN ASSOCIATION OF CORPORATE TREASURERS

REPORT DATE: 26 March 2020

1. EACT RELEVANT CONSULTATIONS

Issue	Timeline	RELEVANCE TO EACT	EACT ACTIONS
Review of the non-financial reporting Directive	**20 Feb 2020 – 14 May 2020**	• Expanding the scope of the non-financial reporting directive to cover a wider range of companies going beyond the current limitation to listed companies with more than 500 employees. • The NFRD will likely be turned from a Directive into a Regulation as the instrument of maximum harmonisation and require disclosure by corporates in their annual reports against the metrics of the EU sustainable finance taxonomy.	Monitor progress towards the legislative proposal and engage throughout the legislative process
Review of MiFID 2	**17 Feb 2020 - 20 Apr 2020**	• The consultation looks at a potential overhaul of the current framework. It focuses particularly on the delivery of a real-time consolidated tape looking at all asset classes, commodity derivatives markets, proposing a lighter position limits regime for less liquid markets, as well as looking at what constitutes multilateral trading.	Follow the ensuing legislative process and engage to safeguard current exemptions from the investment firm definition. Monitor developments regarding cash markets and potential inclusion of FX as a financial instrument asset class under MiFID.

2. COVID-19 DEVELOPMENTS

DESCRIPTION OF MEASURES	IMPACT	TIMELINE
The Covid-19 virus reached Europe at the end of February 2020, pushing all member states and the European Institutions to take measures rapidly. European Central Bank: • The ECB announced on 12 March a full package of measures including an expansion of its quantitative easing programme with €120 billion of extra bond purchases, the conduct of additional targeted longer-term refinancing operations (TLTROs), and application of more favourable rates on TLTRO operations. • The ECB also launched a €750bn bond-buying program named Pandemic Emergency Purchase Programme (PEPP), supposed to last until end of 2020 and including all eligible assets under the existing Asset Purchase Programme (APP), including sovereign and corporate bonds. Additionally, the ECB lifted restrictions on the amount of sovereign bonds that can be purchased and included commercial papers of non-financials of investment grade and with a maturity longer than 28 days in its purchase programme • Measures include supervisory flexibility regarding the treatment of non-performing loans (NPLs). European Commission: • The EC, on 11 March, announced a funding of €25 billion to tackle the economic impacts of Covid-19. This includes state aid for companies and full use of the flexibility existing in the Stability and Growth Pact. The "Corona Response Investment Initiative" uses €7.5 billion of unspent structural funds and the release of some €17.5 - €18 billion of further structural funding. • On 19 March, the EC adopted temporary state aid guidelines in line with what Executive Vice-President Vestager had announced a few days earlier. The temporary guidelines will apply until the end of 2020 (with a possibility of extension). The measures covered in these guidelines are direct grants, selective tax advantages, advance payments of up to €800 000 per firm, state guarantees and subsidised interest rates on loans to cover companies' liquidity needs, public support clarifications for ailing banks and an exemption for MS to temporarily cover export-credit insurance. • On 21 March, the European Commission approved a series of French, Danish, Portuguese, Italian, and German State aid schemes. Measures include funds to help SMEs, public procurement of medical equipment and aid for critically affected sectors. All schemes were approved on short notice and fall under the new State aid Temporary Framework. The EC also approved the Luxembourgish and Latvian state aid schemes on the 23 and 24 March, on the same basis. • On 23 March, the Commission launched an urgent consultation to evaluate the availability of private short-term export-credit insurance for countries considered as "marketable risk countries", in the 2012 Short-term export-credit Communication. Once the results of the consultation are assessed, the Commission may remove certain countries from the list of "marketable risk countries" on a temporary basis to allow state insurers to replace missing private sector insurance for such risks. The Council of the European Union: • The Integrated Political Crisis Response (IPCR) mechanism has been escalated to 'full mode' since 2 March 2020, to allow for fast and concrete coordinated EU response measures to be decided at presidency-led roundtables. • Finance Ministers met on 16 March via videoconference to discuss the EU's response to the coronavirus pandemic. They agreed to a number of measures destined to protect the European economy, such as allowing automatic stabilisers to function; and implementing European efforts, including the €37 billion Corona Response Investment initiative, the €8 billion of working capital lending and the €10 billion in additional investments. Commitment to continue helping the economy recover once the coronavirus has receded: • On 19 March, the EU Ambassadors agreed to the Council's position on two legislative proposals which will free up funds to tackle the effects of the COVID-19 outbreak. The Corona Response Investment Initiative will make €37 billion of Cohesion funds available to member states, with €8 billion of investment liquidity from unspent pre-financing in 2019 for programmes under the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund. The measure will also provide access to €29 billion of structural funding across the EU for 2020. • The Eurogroup met through video conference on 24 March. A provisional agreement was reached on the use of the European Stability Mechanism's (ESM) Enhanced Conditions Credit Line (ECCL) as an instrument to provide further aid to Member States (MS) that request it.	• Will monitor progress towards the legislative proposal and engage throughout the legislative process	• **2 Mar 20:** The Council put the ICPR Mechanism in full mode • **11 Mar 20:** EC announced "Corona Response Investment Initiative" • **12 Mar 20:** ECB announced a package of measures for European Banks • **16 Mar 20:** Council reunited the ministers of Finance of all Member States to adopt measures • **18 Mar 20:** EIB releases a €40 billion package to fight the covid-19 crisis • **19 Mar 20:** EC adopted temporary state aid guidelines • **19 Mar 20:** EU Ambassadors agreement on legislative proposals to free up funds to fight coronavirus • **21 Mar 20**: Approval of Member States' Aid schemes by the EC • **23 Mar 20**: EC launched an urgent consultation on private short-term export-credit insurance for certain countries • **24 Mar 20:** Eurogroup video conference, provisional agreement on European Stability Mechanism (ESM).

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DESCRIPTION OF MEASURES	IMPACT	TIMELINE
European Investment Bank: • The European Investment Bank (EIB) announced on 18 March it would mobilise €40 billion in response to the economic impact of COVID-19. The financing package also includes liquidity lines to banks to ensure additional working capital support for SMEs and mid-caps of €10 billion. European Securities and Markets Authority: • On 23 March, Steven Maijoor, Chair of ESMA, issued a statement on the need to keep financial markets open during the time of the COVID-19 outbreak, responding to suggestions by some policymakers that markets should be temporarily closed in view of the current turmoil. • ESMA issued a public statement on 25 March on the accounting implications of COVID-19 on the calculation of expected credit losses in accordance with IFRS9. Basel Committee on Banking Supervision: • The BCBS issued a press release on 20 March noting banks' increased resilience under the Basel III framework. It also suspends all consultations on policy initiatives and jurisdictional assessments for the remainder of 2020.		

3.All relevant issues

FILE	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
Benchmarks Regulation and IBOR transition	ESMA recognised EURIBOR as BMR compliant**: 5 Jul 2019** ECB working group on Euro risk-free rates issued final recommendations**: 16 Jul 2019** Amendments to IFRS 9 on IBOR/ benchmarks reforms apply: **01 Jan 2020** End of BMR transitional period for critical & third-country BMs: **Dec 2021**	The final text on the low-carbon benchmarks includes an extension for EU critical and third-country benchmarks to 31 December 2021. On 16 July 2019 the ECB working group on Euro risk-free rates issued its final non-binding legal action plan for the transition from EONIA to ESTER. On 11 October 2019 the EC issued a broad consultation on the review of the EU BMR. The consultation includes targeted questions on the current third country regime of the EU BMR. Current expectations are for the European Commission to launch a broad review of the EU Benchmarks Regulation in Q3 2020.
CRA Regulation IV	ESMA Guidelines on supervisory reporting for CRAs: **5 Feb 2019** EC draft implementing equivalence decisions for non-EU countries under CRA: **11 Jun 2019** ESMA technical advice on sustainability considerations for CRA & final guidelines on disclosure requirements: **18 Jul 2019**	ESMA has recommended stronger fining powers and stronger say in fee structure of CRAs. There is a planned review of the rotation mechanism. Moreover, as part of a broader competition agenda aimed at breaking up the current monopoly of the big three CRAs coupled with the current sustainable finance agenda, there will be discussions around breaking this monopoly and encouraging more open competition. On 5 February 2019 ESMA published its revised guidelines on the information that CRAs need to report to ESMA for supervisory reasons, introducing standardised reporting templates. On 11 June 2019 the EC issued 9 draft implementing decisions on equivalence decisions for non-EU countries under the CRA Regulation. The EC is confirming equivalence for the US, Hong Kong, Mexico and Japan, while seeking to repeal equivalence decisions for Brazil, Argentina, Singapore, Canada and Australia. On 18 July 2019 ESMA issued technical advice on sustainability considerations for CRA and final guidelines on disclosure requirements applicable to credit ratings following the call from the EC. ESMA advises against amending the CRA Regulation to mandate the consideration of ESG factors in rating assessments for the time being. On 20 December 2019, ESMA published a report on fees charged by CRAs, urging them to further improve transparency of their pricing and fee setting processes, so as to ensure non-discriminatory fees based on actual costs.
MiFID3	EC Consultation on MiFID/R review: **17 Feb 2020** (deadline: 20 Apr 2020) ESMA consultation on non-equity markets: **10 Mar 2020** (deadline: 19 May 2020) EC legislative proposal on review of MiFID2/R: **Q3 2020**	This includes planned review clauses regarding equity and non-equity transparency calibrations, the functioning of trading venues, the transparency regime for new trading formats such as periodic auctions, the regime for commodity position limits and the ancillary activities test, as well as open access provisions between venues and CCPs, the provision of consolidated tapes for both equity and non-equity instruments, as well as more broadly the third country provisions of MiFID 2. Current expectations are for a broad-based review of all aspects of the MiFID 2 framework, including the potential introduction of new transparency requirements for asset classes that are not covered so far – e.g. FX spot markets – and the potential expansion of trading mandates to cash products such as bonds. In parallel, in February 2020, the Commission has issued a wide-ranging consultation looking at a potential overhaul of the current framework. It focuses particularly on the delivery of a real-time consolidated tape looking at all asset classes, commodity derivatives markets, proposing a lighter position limits regime for less liquid markets, as well as looking at what constitutes multilateral trading.
EMIR Refit implementation	Entry into force of EMIR Refit: **17 Jun 2019** **Level 2** • ITS on the reporting data standards and formats: **17 Jun 2020** • RTS on risk mitigation techniques for bilateral OTC transactions: **17 Jun 2020**	On 28 May 2019 EMIR Refit was published in the Official Journal of the EU. It entered into force on 17 June 2019. Most provisions started applying on that date. Under the OJEU text the reporting obligation shall not apply to intragroup transactions (on a global scale) where at least one of the counterparties is an NFC and the parent undertaking is an NFC. In addition, as a rule, FCs are responsible and legally liable for reporting on behalf of NFCs below the clearing threshold the details of derivatives contracts concluded between them. Furthermore, NFCs have a requirement to provide FCs with details they cannot be reasonably expected to have and that relate to the contract concluded between both parties.

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	• RTS and ITS on details of TR registration & details for simplified procedure for requesting an extension of the registration: **17 Jun 2020** • RTS on procedure for reconciling data between TRs and the verification procedures to be used by TRs: **17 Jun 2020** • RTS on information published and made available by TRs: **17 Jun 2020** • Extension of the PSA exemption from central clearing: **until 17 June 2021** **Implementation** • Application of most provisions**: 17 Jun 2019** • Application of new reporting regime for NFCs, UCITS: **17 Jun 2020**	In addition, the corporate hedging exemption is maintained as under EMIR 1. Furthermore, regarding the clearing threshold the final text moves to an annual calculation of the clearing threshold for both FCs and NFCs based on month-end average for the previous 12 months. Going forward NFCs will only have to clear in the asset classes for which the clearing threshold is breached and not in all asset classes once one threshold is breached. Moreover, it introduces a requirement for counterparties to prove their calculations do not overestimate their exposures. On 28 May 2019 ESMA issued guidance on the calculation method of the clearing threshold for NFCs. confirming that NFCs should have ready by 17 June 2019 the results of the calculation of their aggregate month-end average position of the past 12 months. Regarding the notification process for intragroup exemption ESMA updated its EMIR implementation Q&A on 14 June 2019.
SFTR implementation	ESMA no action relief for SFTR reporting: 26 March 2020 Phase-in of the reporting obligations by category of counterparties - **from 13 Jul 2020**	The Securities Financing Transactions Regulation (SFTR) introduced a reporting regime for securities lending, margin lending, buy-back, and repo transactions. Specifically, the Regulation creates: ▪ Mandatory reporting of sec lending/ repo/ security financing transactions to a registered trade repository In March 2020 against the backdrop of the Covid-19 pandemic, ESMA issued no-action relief, revising the effective dates for the reporting obligation as follows: • 13 Jul 2020 – for credit institutions, investment firms, CCPs, CSDs and relevant third-country entities to start reporting; • 12 Oct 2020 – for insurance companies, funds, institutions for occupational retirement provision (IORPs), and relevant third country entities to start reporting; • 11 Jan 2021 – for non-financial counterparties.
SFTR review	EC Review of SFTR: **Apr 2022 (tbc)**	Could cover issues such as the functioning of the reporting framework as well as the application of mandatory haircuts to uncleared SFTs. In SFTR there is currently a dual-sided reporting requirement for corporates.
Future of regulatory reporting	EC conclusions on fitness check of reporting requirements: **07 November 2019**	The Commission's main findings are that at the moment there does not seem to be significant overlap in data fields when it comes to supervisory reporting requirements across different pieces of legislation including MiFID, EMIR and SFTR. The Commission does however see room for further streamlining of supervisory reporting through exploring new technological solutions, a more prescriptive primary legislation process when it comes to setting out reporting requirements, and a stronger focus by supervisors on identifying the data sets that are needed for carrying out their mandates – potentially streamlining and reducing reporting requirements at a later stage to only those data sets that are strictly needed by supervisors in fulfilling their mandates.
FX markets	Global code for Foreign Exchange Markets established: **Aug 2018** Review of the FX Global Code: **2020** Statement from the Global FX Committee urging continued compliance with the code in times of market volatility caused by Covid 19: **26 March 2020**	This is a non-legislative initiative meant to some conduct issues arising in FX markets in the past year. Whether this approach is going to be follow by concrete legislative action in Europe remains to be seen.
Market Abuse Regulation Review	ESMA consultation on MAR review: **3 Oct 2019** ESMA report on MAR review: **Q2 2020** Review proposal of MAR: **2020/2021**	On 15 May 2019, the EC formally asked ESMA to submit technical advice ahead of the report the EC is mandated to issue under MAR Level 1. The EC is asking ESMA to go beyond the areas for review laid out in Level 1 in an effort to finetune certain provisions of the MAR framework – notably asking ESMA to look at the inclusion of FX spot markets into the scope. On 3 October 2019, ESMA launched a broad consultation on its MAR review report. Its final report on the review of MAR is expected to be submitted to the EC in Spring 2020.
Corporate governance: non-financial reporting (NFRD)	Trilogue agreement on taxonomy regulation scopes in corporates as per the NFRD definition and imposes mandatory disclosure of share of taxonomy compliant activities: **Dec 2019** EC roadmap on NFRD review: **31 Jan 2020** EC launched NFRD review consultation: **21 Feb 2020** EC to table proposal on the review of NFRD: **Q4 2020**	On 31 January 2020, the Commission published its proposed roadmap to review the NFRD, as well as an initial impact assessment. The consultation on the review was launched on 20 February and will be open for comments until 14 May 2020. The consultation shows that the Commission is considering expanding the scope of the Directive, as well as the scope and granularity of the information that should be reported. It is also aiming to reinforce the double materiality perspective of the non-financial reporting requirements that obliges companies to report both on the impact of ESG matters on their financial performance, as well as their impact on society and the environment. Additionally, the Commission is looking into the possibility of requiring external assurance of non-financial information, as well as the use of a single set of reporting standards and a digital format.
2019 Banking Package	**European Commission** • EC proposal to introduce FRTB as binding capital requirement: **H2 2020** (tbc) **OJEU** • Publication of creditor hierarchy in the OJ: **27 Dec 2017** • Banking package: **07 Jun 2019** **Implementation** • Start reporting requirement standardised approach: **Q1 2021** (tbc) • Internal model reporting requirement starts: **Q1 2024** **Reviews**	On 07 June 2019 the so-called CRR II - CRD V along with the RRM package package was published in the Official Journal of the EU. **Key points of the OJEU texts** : CRD5, CRR2 (including FRTB), **include:** • **Fundamental Review of the Trading Book (FRTB)/Market risk**: Introduces the FRTB as a reporting requirement only, meaning that for now market risk capital requirement will remain under the current CRR regime. EC will propose legislation in 2020 to turn this reporting requirement into a binding capital requirement. • **Leverage ratio (LR)**: Set as a 3% binding ratio for all banks. The EU also applied the Basel III G-SIIs LR buffer, which can increase the LR for G-SIBs to up to 4.25%. • **Net Stable Funding Ratio (NSFR)**: Introduces small changes to the Basel standard – simplifying the NSFR for smaller institutions for reporting – and, regarding the treatment of SFTs, lowering the stable funding factors. • **Resolution**: Reviews the EU resolution framework, with provisions amending the Banking Recovery and Resolution Directive (BRRD) and the Single Resolution Mechanism Regulation (SRMR) - BRRD2, SRM2. In the final text the moratorium powers are streamlined allowing resolution authorities to

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	• Next review of banking package: **June 2020** *(see below)*	suspend all payment and delivery obligations, unless exempted, when an institution is failing or likely to fail – limited to the maximum of 2 days.
2020 Banking Package	EBA technical advice reviewing the implementation of Basel IV: **05 Aug 2019** EC consultation on Basel III implementation: **11 Oct 2019 – 06 Jan 2020.** EBA technical advice on Market risk and CVA calculation: **04 December 2019** EC proposal for a CRD6/CRR3 package implementing the Dec 2017 agreement: **June 2020 (tbc.)**	Following the adoption of the 2019 banking package, the EC is expected to put forward a CRD6/CRR3 proposal in 2020 to implement the outstanding Basel IV standards. Key points would include: • **CVA calculation & exemption**: move to a revised standardised approach on CVA charge, including question of maintaining the existing CVA exemption for corporates. • **Changes to credit risk calculations**: to standardised approach and internal model approach for credit risk. • **Changes to treatment of specialised lending and unrated corporates**: to how bank exposures to unrated corporates and loans to corporates for project and infrastructure finance or leasing will need to be capitalised by banks • **Changes to capital calibrations for certain exposures such as revolving credit facilities and unconditionally cancellable credit lines** • **FRTB**: EC is set to propose to turn the reporting requirement into a binding capital requirement. • **Changes to operational risk framework**: to introduce a new standard on calculating RWA capital requirements. • **Introduction of an output floor** – to reduce the variability between RWA calculations based on standardised vs internal models On 04 December 2019, the EBA issued advice to the European Commission on the new CVA/market risk framework, recommending a phasing out of the CVA exemption for corporates and pension funds. The Covid-19 pandemic could potentially influence the forward timeline for introduction of the European Commission legislative proposal.
Cross border payments	OJEU publication: **23 Mar 2019** Application start date**: 15 Dec 2019** Review **: by 19 Apr 2022** (tbc)	The text was published in the OJEU on 23 March 2019. It stipulates that payment service providers should levy the same charges for cross-border payments as for national payments. In addition, the 2019 amendment of the Regulation applies transparency requirements for currency conversion charges related to card-based transactions and credit transfers as well as for transactions that do not use dynamic currency conversion (DCC). The regulation will start applying from 15 December regarding provisions for the equalisation of charges in Euro, whilst the transparency requirements for card-based transactions and credit transfers will apply from 19 April 2020 and the information requirements for non-DCC transactions apply as of 19 April 2021.
SEPA	SEPA Regulation: **2012**	Creates a binding framework for standardised SEPA transactions in the Euro area. The ECB recently published a piece stating that whilst SEPA for bank-to-bank transactions has largely been achieved, SEPA for card payments is still a long way off.
PSD2 Implementation/Upcoming review	Application of RTS on strong customer authentication: **14 Sep 2019** EBA opinion extending SCA implementation until Dec 2020: **16 Oct 2019** Review and expansion of PSD2: **2021 (tbc.)**	Final legislation includes an exemption for corporate treasury functions to not be considered tool be a payment service providers, and is therefore not subject to PSD2. On 16 October 2019 the EBA issued an opinion extending the implementation of the strong customer authentication (SCA) requirements to 31 December 2020.
Interchange fee regulation	OJEU publication: **19 May 2015** Review: **2020-2021**	The regulation capped interchange fees for cards issued and used in Europe (maximum of 0.2% for debit cards and 0.3% for credit cards). The European Commission is aiming produce its own report on the functioning of the IFR by June 2020. This could be followed by a legislative review. As above the impact of COVID-19 on this timing is uncertain but it may delay the process.
Instant payment adoption	EPC SCT Inst scheme became operational: **Nov 2017** Eurosystem launched TIPS: **Nov 2018**	The ECB's TARGET Instant Payment Settlement (TIPS) enables instant clearing and settlement of retail payments. The European Commission and the ECB are currently monitoring voluntary take-up of the scheme, and initial results are positive. The European Commission is keen to see strong pick-up of the instant payments scheme, as it considers it the most effective way of reducing reliance on US card schemes / processors in the context of the international role of the Euro. Given the strong rate of voluntary pick-up, the Commission might refrain from taking legislative action aimed at improving adoption rates.
CMU 2.0	Final report from FR, NL, DE CMU High Level Group: **09 Oct 2019** EC call for application for own CMU expert group: **10 Oct v2019** Council conclusions on CMU**: 5 December 2019** Final report EC CMU expert group: **May 2020** New EC action plan on CMU: **Q3 2020**	The CMU is a broad project of the European Commission with the objectives notably to improve liquidity and the autonomy of the EU capital markets. It remains a priority in the next five years. On 09 October 2019, the High-Level Working Group led by France Germany and the Netherlands issued a report setting out future CMU priorities, including measures enabling the creation of EU champions and promoting the international role of the Euro. Additionally, the EC launched its own High-Level Forum, which kickstarted its discussions on 26 November with a final report due in May 2020. On the basis of this report, the EC will also issue an Action Plan in Q3 2020 outlining the next phase of the CMU. Meanwhile, the High-Level Forum published an interim report in February 2020, calling for the improvement of post-Brexit EU integration and liquidity of markets, developed retail and cross-border investments, better product distribution and pensions adequacy as well as enhanced powers of the European Supervisory Authorities (ESAs).
Public CBCR and C(C)CTB	**CBCR** EC proposal on public CBCR: **12 Apr 2016** Final EP approval on ECON/JURI report: **04 Jul 2017**	**Public CBCR** On 12 April 16, the Commission published the country-by-country reporting (CBCR) proposal which requires all companies operating in the EU with an annual turnover above 750m to publish on a country-by-country basis information on their profits, turnover, taxes paid, business activities and number of employees - per EU country, per tax haven and in aggregated form for the rest of the world.

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	EP Plenary adoption of first reading agreement: **27 Mar 2019** Latest Council Working Group: **25 Jan 2019** Ongoing Member State deliberations: **H1 2020** **C(C)CTB** EC Corporate Tax Reform packaged: **25 Oct 2016** EP adoption in plenary of non-binding position on CCTB/CCCTB: **15 Mar 2018**	The latest drafting includes the possibility for a safeguard clause on disclosure of commercially sensitive information for a period of 4 years. Discussions between Member States have picked up and the Finnish Council presidency is expected to push for adoption of a Council position by the end of 2019. **C(C)CTB** On 25 October 2016 the Commission published a legislative package on Corporate Tax reform, including proposal towards a mandatory Common Corporate Tax Base (CCTB), with an interim cross-border loss off-set mechanism, and a Common Consolidated Corporate Tax Base (CCCTB) as a second step when agreement is found on the first part of the proposal. The EP Plenary adopted its non-binding advice in support of both files on 15 March 2018, recommending restricting deductions to the tax base while proposing a solution to tax the digital economy. No agreement has been reached so far in Council.
OECD minimum effective foreign tax & other tax initiatives	OECD consultation on Global Anti-Base Erosion proposal: **08 November 2019 – 02 December 2019.**	The proposal from the OECD looks at providing a minimum effective tax rate on foreign income of multinational companies by providing the possibility for jurisdictions to 'tax back' the companies where other jurisdictions have low or no minimum effective tax. The OECD consulted on the 2020 review of CBCR (BEPS Action 13), concerning information exchange between tax administrations on revenues, profits, accrued taxes and economic activity in a given tax jurisdiction. Unlike the EU proposal, however, the OECD's does not provide for public disclosure of information.
FTT	Next FTT-10 meeting: **H1 2020**	In 2019, the Austrians, with support from the Commission and advice from the French Treasury, are in the process of drafting the legal text of an EU FTT, which is being discussed by the FTT-10 tax experts. No deal has been reached thus far due to remaining disagreements around the mutualisation of the tax revenues. The latest version of the proposal exclusively applies to the acquisition in secondary markets of shares of listed companies whose head offices are in the voluntary Member States and who have a certain market capitalisation (currently the threshold being considered is EUR 1bn). Bonds, derivatives, shares/units in funds, pension funds, and other non-equity assets would be exempted.
Horizontal data/digital finance agenda	AI Ethics guidelines published: 8 Apr 2019 AI policy and investment recommendations: 26 Jun 2019 Data strategy: **19 Feb 2020** White paper on AI: **19 Feb 2020**	The Commission published a strategy on data on 19 February 2020 alongside the AI white paper. This particularly looks towards high-level horizontal elements such as interoperability standards combined with sectoral common data spaces. We expect further action to be defined for the financial sector in DG FISMA's digital finance strategy (consultation expected in Q2); this is likely to take DG FISMA's previous experience with open banking under PSD2 as a key precedent and to consider where and how this model might be expanded in the financial sector. Concretely the data strategy suggests a legislative initiative on the governance of common data spaces in Q4 2020, followed up with a Data Act in Q4 2021 which could address more complex issues such as an enhanced individual portability right. It further suggests that addressing systemic issues related to platforms and data, including potentially by ex-ante regulation, will be considered in the context of the Digital Services Act (Q4 2020). **Artificial Intelligence:** The Commission issued a white paper on 19 February, with a legislative initiative to follow in Q3 2020. The white paper lays out a risk-based approach with legal requirements for 'high-risk' AI applications (defined as high-risk use cases in high-risk sectors); it particularly considers requirements relating to data quality, documentation, and human oversight. **Outsourcing, cloud & data strategy** The Commission data strategy published on 19 February 2020 put a critical focus upon cloud (and Europe's reliance upon foreign providers). It lays out a program for strengthening Europe's sovereign control in this area; this includes signing a memorandum of understanding with Member States on cloud federation initiatives (Q3 2020), creating an analytical framework to measure data flows (Q4 2021), creating an EU (self-)regulatory cloud rulebook encompassing codes of conduct and certification (Q2 2022) and launching a European cloud services marketplace (Q4 2022). This can be seen as a step towards increasing pressure on companies to use cloud providers which meet EU standards – especially in highly regulated industries.
Internation-alisation of the euro	EC communication: **5 Dec 2018** EC consultation on the role of the euro in non-energy non-agricultural raw materials - metals and minerals: **23 Jan 2019 – 22 Mar 2019** EC consultation on the role of the euro in international trade of agriculture and food commodities: **23 Jan 2019 – 22 Mar 2019** EC consultations on the role of the euro in transport means (aircraft / maritime & railways): **23 Jan 2019 – 22 Mar 2019** EC consultation on role of the euro and liquidity in FX markets: **25 Jan 2019 – 31 Mar 2019** EC consultation on the role of the euro in the field of energy: **14 Feb - 31 Mar 2019** EC published consultation responses: **12 Jun 2019**	Emerging debate at the highest political level in the European Commission with regard to efforts of establishing the Euro as the global reserve currency and break reliance on the USD. The December 2018 EC communication announced a host of public-private collaborative workstreams to explore topics where shorter-term enabling policies could be pursued as such as developing euro area banks role in market-making activity in FX markets. Furthermore, the communication considers the extension of the clearing mandate under EMIR, and for the Commission to stimulate the development of European interest rate benchmarks. In Q1 2019 the EC conducted a series of public consultations on the international role of the euro, including on the role of the euro and liquidity in foreign exchange (FX) markets, as well as on the transportation and energy sectors. On 12 June 2019 the EC released the responses to its consultations launched earlier this year on the role of the euro in FX markets, energy, metals and minerals, agriculture and food, and transport. According to the EC's preliminary conclusions there is support to increase the euro's international role. A progress report on the international role of the euro agenda is expected for the second part of 2019.
Brexit	EC published draft EU-UK FTA: **18 Mar 2020** Deadline for decision to extend transition period: **30 Jun 2020** Deadline for equivalence assessments: **30 Jun 2020**	On 18 March 2020 the Commission has issued its draft FTA in an attempt to gain agenda-setting advantage early in negotiations. The text highlights the discrepancies between the EU and UK positions, notably on issues such as fisheries, governance and structure of the agreement, social rights and environmental protection. By June 2020 the Commission is expected to undertake equivalence assessments, including on financial services issues.

FILE	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
	Deadline for data adequacy decision: **31 Dec 2020** Transition period ends: **31 Dec 2020** New EU-UK relationships begins: **01 Jan 2021**	The current Covid-19 crisis will likely impact the current negotiations, potentially leading to an extension of the transition period.
International economic sanctions	US withdraws from 2015 nuclear deal with Iran – sanctions re-imposed: **5 Nov 2018** EU prolongs economic sanctions against Russia**: 21 Dec 2018** Iranian President announcement Iran will cease to honour key commitments of nuclear deal: **8 May 2019** Joint statement by High Representative of the European Union and the Foreign Ministers of France, Germany and the United Kingdom on the nuclear deal: **9 May 2019** US imposes new sanctions on Iranian officials: **24 June 2019** EU Foreign Affairs Ministers adopt retaliatory measures against Turkey: **15 Jul 2019** EU extends Russia sanctions by 6 months: **12 December 2019**	The EU has announced a potential initiative that would see the creation of an alternative payments system that would allow companies to continue conducting business with Iran without having to rely on the SWIFT payments system. On 8 May 2019 Iranian President Hassan Rouhani warned that Iran would stop honouring key commitments of the 2015 nuclear deal by early July. The announcement raised concerns amongst the European signatories. A joint statement was issued by the High Representative of the European Union and the Foreign Ministers of France, Germany and the United Kingdom reaffirming their commitment to the nuclear deal and urging Iran to continue to comply. In the mist of increasing tensions in the Strait of Hormuz US President Donald Trump has imposed new sanctions on Iranian officials, notably on Ayatollah Khamenei, on 24 June 2019. On 15 July 2019 EU Foreign Ministers have adopted an initial set of retaliatory measures against Turkey as a reaction to its offshore drilling activities around Cyprus. On 13 September 2019 the EU extended the sanctions against individuals and entities allegedly involved in Russia's annexation of Ukrainian territory until 15 May 2019.
Cyber-resilience /hybrid threats	Discussion on resilience of financial services infrastructure at ECOFIN: **13-14 Sep 2019** Council Conclusions on countering hybrid threats & cyber resilience: **Dec 2019** Potential financial services cyber resilience Act: **H2 2020**	It is expected that the Commission will propose a horizontal cyber resilience Act for financial services in 2020 to fill the existing gaps in existing EU legislation in areas including cyber incident reporting.
AML & KYC requirements	EC Communication & 4 reports signal overhaul AML rules: **24 Jul 2019** EC presented MS updated methodology on AML blacklist: **10 Oct 2019** Deadline for Member States' transposition of AMLD5: **10 Jan 2020** New EU AML Action plan**: 06 May 2020**	AMLD 5 includes enhanced due diligence measures for customers in high risk third countries and scoped in virtual currencies and wallet providers in the EU's AML framework. On 24 July 2019 the EC issued a Communication as well as 4 reports on the EU AML/CTF framework. Although remaining high-level the document signal that the Commission may look into turning the EU AML directive into a regulation, creating an EU AML supervisor, and improving cross-border cooperation between Financial Intelligence Units (FIUs). On 10 October 2019 the EC presented MS its updated methodology to add third countries to the EU's AML blacklist. The new European Commission is set to come forward with a communication on AML in May 2020, which will likely lead to further revisions to the EU's AML framework being proposed in 2021 – including an expansion of KYC-CFT requirements for obliged entities. The Commission is also likely to propose the creation of a single AML supervisory body